



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

Office of the Assistant Secretary

08 OCT 1997

MEMORANDUM FOR ACC/LGC
AETC/LGC
AFMC/PK/LG
AFRC/LGC
AFSPC/LGC
PACAF/LGC
USAFE/LGC

FROM: SAF/AQC
1060 Air Force Pentagon
Washington DC 20330-1060

SUBJECT: Disposition of Excess and Underutilized Government Property in the Possession of Defense Contractors (USD(A&T) Memo, 25 Sep 97)

At the end of FY 96 the amount of Government property in the possession of DoD contractors totaled \$89 billion, nearly double the amount reported at the end of FY 86. The Air Force's experience mirrors DoD's. This growth and associated increases in cost to the Government and contractors to control, manage, report, and store the property is a matter of concern at the highest levels in the DoD, evidenced by the memorandum at Atch 1.

In response to direction from OSD to eliminate excess property and reduce the amount of underutilized property in contractor possession by 1 Jan 2000, the Military Departments and the Defense Contract Management Command (DCMC) are initiating a review of all contracts under which \$3 million or more of equipment, tooling, and material is accountable. This review will involve approximately 400 AF contracts, of which 54 are administered by the AF and the balance by DCMC and the Office of Naval Research.

First, in the case of the 54 AF-administered contracts listed in Atch 2, we request you have the contracting officers responsible for contract administration of these contracts send letters to the contractors requesting they review their respective contracts for excess and underutilized property. The letters should be substantially the same as the sample letter at Atch 3 and should be sent no later than two weeks from the date of this memo.


Second, we request you ensure that a property control system review is conducted for the contractors holding the 54 listed contracts no later than 30 Jun

1998. This review is critical to assessing the contractors' ability to identify unneeded and underutilized Government property and the progress being made in such identification.

Third, beginning with the first quarter of FY 98, and continuing until further notice, we request you submit quarterly reports on the disposition of Government property on the 56 listed contracts. Reports should be prepared on a individual contract basis using the DD Form 1638, *Report of Disposition of Contractor Inventory*, and submitted to Mr. Eric Kattner, SAF/AQCP, to arrive no later than 10 calendar days after the end of the quarter reported. The first reports are due 10 Jan 1998. Reports should be faxed to Mr. Kattner at DSN 224-7535 or (703) 614-7535. A DD Form 1638 with instructions is at Atch 4.

Fourth, as soon as excess or underutilized Government property is identified by contractors, we request contracting officers, program offices, and property managers to take all necessary actions to effect prompt decisions on the disposition of the property. Our objective is that contracting officers and property managers will forward disposition or shipping instructions to the cognizant contract administration office within 60 days of receipt of inventory schedules or similar reports of excess.

We realize that this is an ambitious undertaking. To make it work, we must have the support and cooperation of contractors and all Government individuals and organizations that have a role in furnishing, monitoring, or disposing of Government property in the possession of contractors. Please distribute this memorandum, as appropriate. If there are questions, contact Mr. Eric Kattner, SAF/AQCP, DSN 224-3656 or (703) 614-3656, ekattner@af.pentagon.mil.


WALKER LEE EVEY
Associate Deputy Assistant
Secretary (Contracting)
Assistant Secretary (Acquisition)

Attachments:

1. USD(A&T) Memo, 25 Sep 97, w/Atch
2. List of AF-Administered Contracts
3. Sample Ltr
4. DD Form 1638

cc:
AF/ILS